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TAGS: [PREL](#) [PGOV](#) [ETTC](#) [EAID](#) [SCUL](#) [OVIP](#) [KNNP](#) [UNGA](#) [AM](#) [IR](#)
SUBJECT: FM OSKANIAN'S FAREWELL SENDOFF TOUCHES ALL THE
BASES

REF: 2005 YEREVAN 2023

Classified By: CDA A.F. Godfrey for reasons 1.4 (b,d)

11. (C) SUMMARY: FM Oskanian's farewell lunch for the Ambassador offered a review of current issues. Oskanian expressed relief and exasperation about the ability to reach consensus on how the NK/Occupied Territories fires issue would be managed at the UNGA. He worried over the Iranian nuclear problem, fearing possible consequences for neighboring Armenia. Oskanian enthused about his current signature project, which is to attract Diaspora Armenians to invest in his new rural development initiative. He relayed his U.S. travel plans for the UNGA general session (Sep 24-26), and a probable October visit to Washington for an Armenian-American Diaspora conference. END SUMMARY

AZERBAIJAN'S UNGA RESOLUTION

12. (C) Oskanian reported that, thanks to the hard work of the co-chair representatives in New York, an acceptable text had been reached on the fires issue in Azerbaijan's annual UNGA resolution. He said Armenia would--as it has in the past--join consensus to allow the resolution to pass, but would then submit a statement of dissociation. In fact, the only reason Armenia was unable to support the text as a co-sponsor was that Azerbaijan insisted on using the term "Occupied Territories" in the title, which was unacceptable for Armenia.

NAGORNO-KARABAKH

13. (C) The Ambassador reported his conversation with President Kocharian to the effect that the Minsk Group negotiating process is a stabilizing factor in the region, and therefore Armenia should not walk away from the talks. He noted Kocharian had agreed. Oskanian concurred and said he was ready to continue talks in Paris.

IRAN

14. (C) The Ambassador noted the state of play with the Iranian nuclear standoff, with discussion now in the UN Security Council of possible sanctions. Oskanian shared his own anxieties about a nuclear-armed Iran, and commented that, (as a neighbor and a landlocked economy) Armenia "would be the first one harmed" by any crisis in Iran. Oskanian asked if the United States was "on board with the Europeans" in negotiating approach. The Ambassador replied that we were

more reluctant than many of our European partners to allow Iran to buy itself more time through further negotiations. Oskanian next wanted to know where Russia and China figured in our approach. The Ambassador observed that Russian Deputy FM Kisliak was engaging Iran on the matter, and commented that Russia, too, shares our concerns about the idea of Iran possessing full fuel-cycle technology. Oskanian agreed that this was a "serious problem."

DIASPORA CONFERENCES AND RURAL DEVELOPMENT

¶5. (C): Oskanian shared his vision for the MFA-led rural development program to be unveiled at the MFA's September 18-20 Diaspora conference. Oskanian plans to use an October visit to Washington--to commemorate Armenia's 15th anniversary of independence with Diaspora groups--to pitch the program to other potential donors. This initiative is Oskanian's personal project to jump-start Diaspora investment in Armenia's rural economy, and to show that the government can make a difference in people's lives. The MFA has tentatively selected 50 villages for intensive, comprehensive investments in schools, infrastructure, clinics, etc. Oskanian was well acquainted with our objections to the program (see para 7), but was determined to proceed anyway. He and his chief adviser on the project, Salpi Ghazarian, pointed out the government must be seen to do something for the plight of rural poor, and the IRD approach might just work here, given how small a country Armenia is and the relative wealth of Diaspora Armenian donors. Oskanian and Ghazarian made a plea (echoed in a later meeting with USAID Mission Director and MCA Country Representative) that the U.S. Embassy set aside its reservations enough to share

YEREVAN 00001265 002 OF 002

technical expertise with the MFA.

¶6. (C) Oskanian predicted that some 2,000 Diaspora Armenians would attend the September conference in Yerevan, which was designed essentially as a sales pitch for donors to adopt villages or discreet projects within villages. He hopes for a program launch in April 2007. The MFA has already lined up several wealthy local businessman to inoculate the government, Oskanian said, from any donor criticism that the GOAM only holds its out to Diasporans, and fails to do what it can domestically. Oskanian also said both the September Yerevan conference and a later one in October represent his efforts to "rebuild trust" with Diaspora Armenians who had bad experiences investing and/or donating money in Armenia in earlier years.

¶7. (SBU) NOTE: We have on several occasions over the past year communicated to Oskanian our skepticism of this type of "integrated rural development (IRD)" as an effective model for alleviating rural poverty. USAID has previously shared academic literature (including a World Bank study last year) showing the pitfalls of this approach. The main reservations we have shared with the GOAM can be boiled down to two points: 1) it is difficult to build in sustainability, and 2) getting enough inter-agency coordination to make an IRD plan work is problematic. END NOTE.

STUDENT EXCHANGES

¶8. (C) Oskanian mentioned his satisfaction with an ongoing program sponsored by a private American donor, who pays to send 20 Armenian students each year (selected by the Armenian MFA) to six American universities. Oskanian said his government would like to sponsor 15 students to go to Tufts University (Oskanian's alma mater), as part of a larger South Caucasus program. He would like to see 15 students each, from Armenia, Azerbaijan, and Georgia, attend Tufts as a regional program to build mutual understanding. Armenia

would fund its own, and Oskanian presumed Azerbaijan could afford to do the same. Perhaps only Georgia would need funding assistance from the USG. He suggested that the USG advance this idea to other South Caucasus partners. (NOTE: It was not entirely clear whether Armenia's 15 Tufts students, under this proposal, would be in addition to the existing philanthropist-funded 20 students, or would be taken from within that number. END NOTE)

DEALING WITH OSKANIAN

¶9. Oskanian is among the easiest to work with foreign officials that any U.S. official might hope to meet. Previously a long-time California resident, Oskanian speaks excellent English and is completely comfortable with a Western mode of thinking and speaking. He takes our points effortlessly--even when delivered in "shorthand"--and both understands and seems genuinely to embrace most of our messages. His only weakness is that he is sometimes an outsider to some of the Soviet-style back room machinations which are still the norm in this part of the world.

COMMENT: THE BIGGER ISSUES WITH IRD

¶10. (C) A more general concern we have with the IRD approach is that it represents a very statist, command-and-control approach to economic development. Villages are selected for investments (in both bricks-and-mortar and social infrastructure) based on political calculations, rather than for sound market-based economic reasons. Even this, however, may not be the main point. We suspect that Oskanian's determination to pursue rural development in this way has as much to do with raising his own domestic political profile as it does with truly solving the problems of rural poverty in a long-term, sustainable way.
GODFREY